

**LEMON GROVE CITY COUNCIL
AGENDA ITEM SUMMARY**

Item No. 3
Mtg. Date December 2, 2014
Dept. City Manager's Office

Item Title: Economic Development Update

Staff Contact: Graham Mitchell, City Manager

Recommendation:

Receive an annual report regarding economic development activities in the City.

Item Summary:

On November 5, 2013, the City Council received a report outlining six economic development strategies to implement in the City. During the meeting, the City Council directed staff to present status reports after approximately six months and one year after implementation. On June 17, 2014, the City Council received a semi-annual update. The purpose of this agenda item is to present the annual update regarding economic development activities in the City. The staff report (**Attachment A**) provides a review and update regarding each of the strategies identified in the November 5, 2013 report to the City Council.

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section <u> </u> | <input type="checkbox"/> Mitigated Negative Declaration |

Public Information:

- | | | |
|--|--|---|
| <input type="checkbox"/> None | <input checked="" type="checkbox"/> Newsletter article | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting | |

Attachments:

A. Staff Report

LEMON GROVE CITY COUNCIL STAFF REPORT

Item No. 3

Mtg. Date December 2, 2014

Item Title: **Economic Development Update**

Staff Contact: Graham Mitchell, City Manager

Discussion:

On November 5, 2013, the City Council received a report outlining six economic development strategies to implement in the City. The 2013 report emanated from goals established by the City Council in 2013. The 2013 goals included:

- 1) Develop and publish an economic development page on the City's website that includes resources (how to start up a business, FAQ about obtaining a business license, etc.) and links to other organizations that assist businesses or provide funding.
- 2) Organize a meeting with the East County Chamber of Commerce with the Mayor and City Manager to discuss opportunities for a Lemon Grove business forum.
- 3) Provide recommendations regarding the establishment of an economic development program/staff.

The six economic development strategies were presented to satisfy the third goal listed above. These strategies included:

- Create and promote a market driven Real Estate Broker Incentive Program,
- Develop relationships with the commercial real estate broker community through a semi-annual broker's newsletter,
- Provide technical assistance to property owners who intend to redevelop their properties,
- Gather more information from the business community on what the City can do to retain, grow and attract businesses,
- Establish annual City Manager visits to the top 20 sales tax generating businesses, and
- Upkeep the City Economic Development website.

During the November 5, 2013 meeting, the City Council directed staff to present status reports after approximately six months and one year after implementation. On June 17, 2014, the City Council received a semi-annual update. The purpose of this agenda item is to present the annual update regarding economic development activities in the City.

Real Estate Broker Incentive Program

On December 17, 2013, the City Council approved the Commercial Real Broker Incentive Program. Since that time, staff has marketed the program to commercial property owners in Lemon Grove and local commercial brokers that provide broker services in and around Lemon Grove. Direct mailers regarding the program were sent to 25 targeted brokers and 32 targeted property owners. An announcement regarding the broker incentive program will be included in the upcoming broker newsletter. When opportunities to share information about the program

Attachment A

arise, staff provides information (e.g. staff reached out to the broker representing the property recently subject to a land use modification).

Since its initial marketing, the City has received three incomplete applications, one ineligible application, and one complete application. The incomplete applications did not include releases from the tenant regarding sales data. The complete and approved application is for an automotive repair/sales business. Staff receives an estimated one call per month from brokers interested in more information about the program.

Semi-Annual Broker's Newsletter

In July 2014, staff published and emailed the "Grove Business Gazette" to real estate brokers. The two-page newsletter, tailored to the real estate broker community, addressed three topics:

- 1) Recent Business Activity and Transactions,
- 2) Lemon Grove—Best Business Climate!, and
- 3) General City Update.

A copy of the newsletter was provided to the City Council separately.

Redevelopment Technical Assistance to Property Owners

Although the City no longer has redevelopment tools, funds or financing opportunities, it has staff with redevelopment experience and expertise. Staff reached out to property owners on the south side of Broadway offering to draft a Request for Proposals (RFP) to explore development opportunities. There was moderate success with this outreach effort with interest expressed in pursuing this option. Over the next few months, staff will work to identify which property owners have an interest in moving forward. Also, the City was approached by several property owners on the north side of Broadway, interested in staff's assistance in developing a RFP for development. Because this potential RFP could involve City property, prior to the release of a RFP, the City Council will have an opportunity to consider it.

Interact with Business Community

One of the City Council goals from 2013 was to hold a meeting with businesses, relying on the help from the East County Chamber of Commerce. In 2014, the East County Chamber of Commerce made concerted efforts to reach out to businesses through a business roundtable format. In 2014, five of these events were held. Topics of the roundtables have ranged from crime prevention strategies to using social media for marketing. The most recent roundtable discussion addressed the topic of business improvement districts. The business owners that attended the roundtable expressed interest in having more discussion on this topic, which will occur in January 2015. Staff has attended the roundtable events and finds them valuable for soliciting information from the business community.

Visits Top 20 Sales Tax Generating Businesses

One of the implemented economic development strategies is City Manager visits to the City's top sales tax generating businesses. These visits allow the City to proactively address issues regarding relocation or expansion. It also helps build and maintain a beneficial relationship between the City and the business community. Thus far, in 2014, staff has been able to visit fourteen of the top sales tax generating businesses. Visits have been made to:

- | | | |
|--------------------------|---------------------------|-------------------------------|
| ○ 99 Cents Only | ○ Food 4 Less | ○ Petco |
| ○ Arco AM PM – LG Avenue | ○ GTM | ○ RCP Block & Brick |
| ○ Bob Baker Toyota | ○ The Home Depot | ○ Thompson Building Materials |
| ○ Chevron | ○ Mario's Family Clothing | ○ Veys Powersports |
| ○ EW Truck & Equipment | ○ Mossy Honda | |

Attachment A

Other visits were made to several business not on the City's top twenty list—Craters & Freighters, Drums & Totes, Lemon Grove Antique Mall, Pacific Southwest Structures, Inc., and Starbucks.

Economic Development Website

In last 2013, the City developed its economic development webpages. The webpages have a link from the City's homepage. Within the economic development site, there are separate webpages:

- Why Lemon Grove?
- Business Assistance Resources
- Opportunities
- East San Diego County Demographics
- Lemon Grove Successor Agency
- Incentive Programs

Staff intends on relying on an intern to augment several of the webpages in the next few months. |

Conclusion:

The City has experienced strong economic development activity in the past year with the opening of several businesses, the pending entitlement request from Citymark for development south of Citronica Two, an increase in sales tax returns, and a renewed interested in infill development inquiries. Staff recommends that the City Council provide feedback on the information provided in this report.